GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:3262
ANSWERED ON:24.08.2006
AUCTION SYSTEM FOR ALLOTMENT OF PETROL PUMPS /LPG AGENCIES
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether at present Petrol/Diesel outlets and LPG agencies are allotted to persons/parties on perpetual basis;

(b) if so, the reason therefor;

(c) whether such allotments have sometimes led to complaints of short-filling of petrol/diesel and black-marketing of LPG cylinders;

(d) if so, the number of such cases, category-wise have come to the notice of the Government during the last three years and the action taken against the defaulters;

(e) whether the Government proposes to introduce auction system annually for the petrol/diesel pumps and LPG agencies to eliminate malpractice;

(f) if so, the details thereof; and

(g) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) to (g) : The allotment of retail outlet (RO) dealership and LPG distributorship is done by the public sector oil marketing companies (OMCs) in accordance with the selection guidelines formulated by them that include issue of advertisement and interviews of the candidates with provisions for reservations for SCs/STs, physically handicapped persons, outstanding sports persons, freedom fighters, para-military/police/government personnel and defence category.

The initial period of agreement for RO dealership and LPG distributorship in respect of Indian Oil Corporation Ltd. (IOCL) is 5 years with renewable option for 5 years. In respect of IBP Company (IBP), the initial agreement for RO dealership is 15 years with a renewable option for 5 years. In respect of Bharat Petroleum Corporation Limited (BPCL), the initial agreement for RO dealership is 15 years with a renewable option for 5 years, and initial agreement of 10 years for LPG distributorship with a renewable option. In respect of Hindustan Petroleum Corporation Ltd. (HPCL), the initial agreement is for 10 years for both RO dealership and LPG distributorship with renewable option for 10 years for RO dealership and 5 years for LPG distributorship.

However, the dealership/ distributorship is liable for termination if a breach is committed of the terms of the dealership/distributorship agreement.

There is no proposal to introduce auction system for giving RO dealership and LPG distributorship.

The details of malpractices detected by OMCs during the last 3 years is given in the Annexure. Action against such defaulters is taken by the OMCs in accordance with the provisions of the Marketing Discipline Guidelines.

Annexure referred to in the reply of Lok Sabha Unstarred Quesation No. 3262 for 24-8-2006

Company-wise total number of Short filling at retail outlets (ROs) and black marketing of LPG detected during the last three years (2003-04, 2004-05 and 2005-06)

Sl. No. Name of OMCs Total No. of cases Short Filling at ROs
detected during
the last 3 years
(2003-2006)

Black Marketing of LPG

1. IOCL 343 386
2. IBP 145 Nil
3. BPCL 350 302
4. HPCL 264 56